

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4715-01
Bill No.: HB 2028
Subject: Health Care; Health Care Professionals; Health Dept.; Nurses
Type: Original
Date: March 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$2,031,491)	(\$2,116,921)	(\$3,134,018)
Total Estimated Net Effect on <u>All</u> State Funds	(\$2,031,491)	(\$2,116,921)	(\$3,134,018)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government*	(Unknown)	(Unknown)	(Unknown)

*** Requirements of the program would result in costs that exceed the benefits associated with the Missouri Career Initiatives Grant.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning** assume the proposed legislation will not fiscally impact their organization.

Officials from the **Office of the Secretary of State (SOS)** state this bill establishes the Missouri Career Ladder Initiative Program for certified nurse assistants providing long-term care. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health and Senior Services could require as many as 10 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$615 [(10 pp x \$27) + (15 pp x \$23)].

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Health and Senior Services (DOH)** provided the following assumptions related to the proposed legislation:

198.082.1 This section allows a facility that has been cited for a class I violation within the past 24 months to continue its nursing assistant training program if the facility submits and the department approves a plan for the department to provide technical assistance to the facility. If the sponsor intends for the DOH to provide extensive technical assistance to the facility, we may need to request additional FTE in the future.

198.083.1 This section requires the DOH to establish a "Missouri Career Ladder Initiative Program" for certified nurse assistants to improve quality of care provided by nurse assistants, promote skill development, create career ladders, and improve employee retention in long-term care facilities.

The DOH must make available to 50 licensed long-term care facilities, through a competitive process, grants to participate in the program. Such grant moneys may be used for, but not limited to, development of curriculum, instructors, instructional materials, and technical assistance.

ASSUMPTION (continued)

Since the legislation does not specify the amount of each grant and is unclear as to whether the grants are intended to reimburse facilities for specific training costs, we have made assumptions on which costs the grants are intended to reimburse. Following are program requirements for participating facilities and our assumptions as to whether such costs are intended to be reimbursed by grant moneys.

Requirement 1 - participating facilities must require all first-time nursing assistants to complete a mandatory one-week orientation with a mentor. Mentors must be either licensed health care staff or certified nurse assistants in good standing. Since we assume employers routinely expect experienced staff to provide on-the-job training to inexperienced new hires, we consider this a normal cost of doing business that would not be reimbursed by grant money.

Requirement 2 - participating facilities must develop a three level career ladder system for nurse assistants. Each training level must consist of a 12-week program which includes a minimum of 3 hours per week of class time. Since the DOH has already developed a required curriculum and comprehensive training manuals for nurse assistant, certified medication technician, level I medication aide and insulin administration, we believe participating facilities will purchase these required materials at \$23/manual. We assume the cost of training materials and trainers are intended to be reimbursed by grant money.

Requirement 3 - participating facilities must increase nurse assistant compensation based on successful completion of each level of training and assist participants in developing career advancement plans. We assume that providing additional compensation to employees who acquire new skills and counseling employees on career options are normal business costs that would not be reimbursed with grant money.

Requirement 4 - participating facilities must provide compensation for a least 50% of the hours a nurse assistant participates in training connected with this program. We assume that the other 50% of the hours a nurse assistant participates in training is intended to be reimbursed by grant money.

Based on the above and assuming a long-term care facility has on average 120 beds and employs approximately 44 certified nursing assistants, we estimate that approximately 2,200 certified nurse assistants would be eligible to participate in the Missouri Career Ladder Initiative (50 facilities x 44 certified nurse assistants = 2,200).

Also, it is assumed that since a facility must provide a 12-week program with a minimum of 3 hours per week for 3 levels of training, each trainee will attend 108 hours of training (12 weeks x 3 hours minimum x 3 levels = 108 hours). And finally, it is estimated that the total instructional hours required to provide 108 hours of training at 50 facilities is 5,400 hours (108 hours x 50 facilities = 5,400 hours).

ASSUMPTION (continued)

Estimation of Annual Grant Award Total Cost

HW-C:LR:OD (12/01)

Compensation of trainee hours (50%)

2,200 trainees x 108 hrs/training x \$10/hr avg pay rate x 50% = \$1,188,000

Instructional materials

2,200 trainees x \$23 printing costs x 3 levels = \$ 151,800

Instructor reimbursement

5,400 hrs of instructional time x \$20/hr = \$ 108,000

Total cost of annual grant awards \$1,447,800

Cost per grant (\$1,447,800 / 50 grants = \$28,956 per grant)

In addition to establishing and overseeing the Missouri Career Ladder Initiative, the DOH is required to develop partnerships with local workforce investment boards, community colleges and other community-based education and training providers and organizations to assist long-term care facilities in fulfilling their training needs. Therefore, we believe we will need ten (10) facility adv nurse II positions, three in the central office and one in each of the seven (7) district offices. This staff will be needed to establish, implement, coordinate, administer, evaluate, and ensure facility compliance with the Missouri Career Ladder Initiative program statewide and to develop partnerships throughout the state. Also, one (1) clerk typist II will be needed to support the central office positions.

Oversight assumes the DOH will need 10 facility advisor nurse positions. Any clerical work associated with the three nurse advisor positions in the central office can be absorbed within existing staffing levels.

The DOH officials stated this legislation may have an indeterminate fiscal impact on local governments that operate a long-term care facility that receives a Missouri Career Initiative grant and incurs additional costs to comply with program requirements.

Oversight assumes any local government operated nursing facilities that receive a Missouri Career Initiative grant would incur additional costs over and above the grant reimbursement amount. Grant amounts would cover training associated costs but would not cover additional salary compensation amounts required to be paid to nursing assistants who complete the program.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS) - Division of Medical Services (DMS)** stated the Missouri Career Ladder Initiative program will be administered and funded by the

Department of Health and Senior Services through competitive grants. Indirect administrative costs incurred by the nursing facility for the program that would flow through the cost report should be offset by the reduced administrative costs for staff turnover and quality of care provided by nurse assistants that this program promotes. The DMS anticipates no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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GENERAL REVENUE FUND

Costs - Department of Health and Senior Services

Personal Service Costs (10 FTE)	(\$333,535)	(\$410,428)	(\$420,504)
Fringe Benefits	(\$120,106)	(\$147,730)	(\$151,423)
Equipment and Expense	(\$130,050)	(\$110,963)	(\$114,291)
Grant Awards	<u>(\$1,447,800)</u>	<u>(\$1,447,800)</u>	<u>(\$1,447,800)</u>
Total <u>Costs</u> - Department of Health and Senior Services	<u>(\$2,031,491)</u>	<u>(\$2,116,921)</u>	<u>(\$2,134,018)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$2,031,491)</u>	<u>(\$2,116,921)</u>	<u>(\$2,134,018)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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LOCAL GOVERNMENT OPERATED LONG-TERM CARE FACILITIES

Benefits associated with Missouri Career Initiatives Grant	Unknown	Unknown	Unknown
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Costs associated with program requirements	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENT OPERATED LONG-TERM CARE FACILITIES*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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*** Requirements of the program would result in costs that exceed the benefits associated**

with the Missouri Career Initiatives Grant.

FISCAL IMPACT - Small Business

This legislation will have an indeterminate economic impact on long-term care facilities that receive a Missouri Career Ladder Initiative grant and may incur additional costs to comply with program requirements.

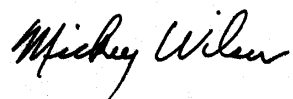
DESCRIPTION

This bill establishes a career ladder initiative program for nursing assistants within the Department of Health and Senior Services. The bill: (1) Requires nursing assistants hired by skilled nursing facilities and intermediate care facilities after January 1, 1980, to successfully complete a nursing assistant training program approved by the department within 120 days of the date of hire. Currently, nursing assistants must have completed the training program before employment commences or enroll in the program within 90 days of the date of hire; (2) Requires the department to approve the training program before the program is offered to nursing assistants; (3) Allows a long-term care facility cited with a class I violation to continue to offer an approved nursing assistant training program if the violation occurred within the previous 24 months and the facility submits to the department a plan for the department to provide technical assistance; (4) Requires nursing assistants to complete the mandatory 100 hours of supervised on-the-job training within 120 days of the date of hire; (5) Requires the department to establish a Missouri Career Ladder Initiative Program for certified nursing assistants. The goals of the program are contained in the bill; (6) Establishes an initial pilot program for the initiative which is subject to appropriations. The pilot program will be available to 50 licensed long-term care facilities based on competitive grants provided by the department; (7) Contains the requirements for the facilities to participate in the initial pilot program. The bill also specifies the selection criteria for grant recipients; (8) Requires the department to develop partnerships with workforce investment boards, community colleges, and other organizations for the purpose of assisting long-term care facilities in fulfilling their training needs; (9) Requires facilities participating in the initiative to provide standard education in various academic subjects; (10) Transfers the unannounced inspection of long-term care facilities from the Division of Aging to the Department of Health and Senior Services; (11) Allows the department to reduce the frequency of inspections for residential care facilities II, intermediate care facilities, and skilled nursing facilities to once a year if the facilities meet specified conditions; and (12) Allows the department to inspect any facility at any time. The department can inspect a facility in connection with a complaint filed against a facility.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Division of Budget and Planning
Office of Secretary of State
Department of Social Services
Department of Health and Senior Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Acting Director
March 18, 2002